



## 97TH GENERAL ASSEMBLY

### State of Illinois

### 2011 and 2012

### SB1556

Introduced 2/9/2011, by Sen. William R. Haine

#### SYNOPSIS AS INTRODUCED:

5 ILCS 375/3  
5 ILCS 375/8

from Ch. 127, par. 523  
from Ch. 127, par. 528

Amends the State Employees Group Insurance Act of 1971. Provides that in order to be eligible for group insurance benefits under a retirement system: (i) each annuitant or retired employee must meet the vesting requirements of the applicable retirement system and (ii) each survivor must establish that the deceased employee, annuitant, or retired employee upon whom the annuity is based was eligible to participate in the group insurance system under the applicable retirement system. Specifies that certain persons do not qualify as community college dependent beneficiaries or TRS dependent beneficiaries. Provides that only employees (rather than employees, annuitants, retired employees, and survivors) and their elected dependents are eligible and covered for all benefits available under the Act's programs. Provides that annuitants, survivors, and retired employees and their elected dependents are immediately eligible for the group health benefits program and that the coverage of those persons is effective immediately upon the completion of the required forms. Requires, however, each survivor who is seeking coverage under that program to establish that he or she would have been eligible for coverage under the deceased member upon whom the survivor's annuity is based.

LRB097 09499 JDS 49636 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The State Employees Group Insurance Act of 1971  
5 is amended by changing Sections 3 and 8 as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

7 Sec. 3. Definitions. Unless the context otherwise  
8 requires, the following words and phrases as used in this Act  
9 shall have the following meanings. The Department may define  
10 these and other words and phrases separately for the purpose of  
11 implementing specific programs providing benefits under this  
12 Act.

13 (a) "Administrative service organization" means any  
14 person, firm or corporation experienced in the handling of  
15 claims which is fully qualified, financially sound and capable  
16 of meeting the service requirements of a contract of  
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or has  
19 retired, on or after January 1, 1966 on an immediate annuity  
20 under the provisions of Articles 2, 14 (including an employee  
21 who has elected to receive an alternative retirement  
22 cancellation payment under Section 14-108.5 of the Illinois  
23 Pension Code in lieu of an annuity), 15 (including an employee

1 who has retired under the optional retirement program  
2 established under Section 15-158.2), paragraphs (2), (3), or  
3 (5) of Section 16-106, or Article 18 of the Illinois Pension  
4 Code; (2) any person who was receiving group insurance coverage  
5 under this Act as of March 31, 1978 by reason of his status as  
6 an annuitant, even though the annuity in relation to which such  
7 coverage was provided is a proportional annuity based on less  
8 than the minimum period of service required for a retirement  
9 annuity in the system involved; (3) any person not otherwise  
10 covered by this Act who has retired as a participating member  
11 under Article 2 of the Illinois Pension Code but is ineligible  
12 for the retirement annuity under Section 2-119 of the Illinois  
13 Pension Code; (4) the spouse of any person who is receiving a  
14 retirement annuity under Article 18 of the Illinois Pension  
15 Code and who is covered under a group health insurance program  
16 sponsored by a governmental employer other than the State of  
17 Illinois and who has irrevocably elected to waive his or her  
18 coverage under this Act and to have his or her spouse  
19 considered as the "annuitant" under this Act and not as a  
20 "dependent"; or (5) an employee who retires, or has retired,  
21 from a qualified position, as determined according to rules  
22 promulgated by the Director, under a qualified local  
23 government, a qualified rehabilitation facility, a qualified  
24 domestic violence shelter or service, or a qualified child  
25 advocacy center. (For definition of "retired employee", see (p)  
26 post).

1 (b-5) "New SERS annuitant" means a person who, on or after  
2 January 1, 1998, becomes an annuitant, as defined in subsection  
3 (b), by virtue of beginning to receive a retirement annuity  
4 under Article 14 of the Illinois Pension Code (including an  
5 employee who has elected to receive an alternative retirement  
6 cancellation payment under Section 14-108.5 of that Code in  
7 lieu of an annuity), and is eligible to participate in the  
8 basic program of group health benefits provided for annuitants  
9 under this Act.

10 (b-6) "New SURS annuitant" means a person who (1) on or  
11 after January 1, 1998, becomes an annuitant, as defined in  
12 subsection (b), by virtue of beginning to receive a retirement  
13 annuity under Article 15 of the Illinois Pension Code, (2) has  
14 not made the election authorized under Section 15-135.1 of the  
15 Illinois Pension Code, and (3) is eligible to participate in  
16 the basic program of group health benefits provided for  
17 annuitants under this Act.

18 (b-7) "New TRS State annuitant" means a person who, on or  
19 after July 1, 1998, becomes an annuitant, as defined in  
20 subsection (b), by virtue of beginning to receive a retirement  
21 annuity under Article 16 of the Illinois Pension Code based on  
22 service as a teacher as defined in paragraph (2), (3), or (5)  
23 of Section 16-106 of that Code, and is eligible to participate  
24 in the basic program of group health benefits provided for  
25 annuitants under this Act.

26 (c) "Carrier" means (1) an insurance company, a corporation

1 organized under the Limited Health Service Organization Act or  
2 the Voluntary Health Services Plan Act, a partnership, or other  
3 nongovernmental organization, which is authorized to do group  
4 life or group health insurance business in Illinois, or (2) the  
5 State of Illinois as a self-insurer.

6 (d) "Compensation" means salary or wages payable on a  
7 regular payroll by the State Treasurer on a warrant of the  
8 State Comptroller out of any State, trust or federal fund, or  
9 by the Governor of the State through a disbursing officer of  
10 the State out of a trust or out of federal funds, or by any  
11 Department out of State, trust, federal or other funds held by  
12 the State Treasurer or the Department, to any person for  
13 personal services currently performed, and ordinary or  
14 accidental disability benefits under Articles 2, 14, 15  
15 (including ordinary or accidental disability benefits under  
16 the optional retirement program established under Section  
17 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or  
18 Article 18 of the Illinois Pension Code, for disability  
19 incurred after January 1, 1966, or benefits payable under the  
20 Workers' Compensation or Occupational Diseases Act or benefits  
21 payable under a sick pay plan established in accordance with  
22 Section 36 of the State Finance Act. "Compensation" also means  
23 salary or wages paid to an employee of any qualified local  
24 government, qualified rehabilitation facility, qualified  
25 domestic violence shelter or service, or qualified child  
26 advocacy center.

1           (e) "Commission" means the State Employees Group Insurance  
2 Advisory Commission authorized by this Act. Commencing July 1,  
3 1984, "Commission" as used in this Act means the Commission on  
4 Government Forecasting and Accountability as established by  
5 the Legislative Commission Reorganization Act of 1984.

6           (f) "Contributory", when referred to as contributory  
7 coverage, shall mean optional coverages or benefits elected by  
8 the member toward the cost of which such member makes  
9 contribution, or which are funded in whole or in part through  
10 the acceptance of a reduction in earnings or the foregoing of  
11 an increase in earnings by an employee, as distinguished from  
12 noncontributory coverage or benefits which are paid entirely by  
13 the State of Illinois without reduction of the member's salary.

14           (g) "Department" means any department, institution, board,  
15 commission, officer, court or any agency of the State  
16 government receiving appropriations and having power to  
17 certify payrolls to the Comptroller authorizing payments of  
18 salary and wages against such appropriations as are made by the  
19 General Assembly from any State fund, or against trust funds  
20 held by the State Treasurer and includes boards of trustees of  
21 the retirement systems created by Articles 2, 14, 15, 16 and 18  
22 of the Illinois Pension Code. "Department" also includes the  
23 Illinois Comprehensive Health Insurance Board, the Board of  
24 Examiners established under the Illinois Public Accounting  
25 Act, and the Illinois Finance Authority.

26           (h) "Dependent", when the term is used in the context of

1 the health and life plan, means a member's spouse and any  
2 unmarried child (1) from birth to age 19 including an adopted  
3 child, a child who lives with the member from the time of the  
4 filing of a petition for adoption until entry of an order of  
5 adoption, a stepchild or recognized child who lives with the  
6 member in a parent-child relationship, or a child who lives  
7 with the member if such member is a court appointed guardian of  
8 the child, (2) age 19 to 24 enrolled as a full-time student in  
9 any accredited school, financially dependent upon the member,  
10 and eligible to be claimed as a dependent for income tax  
11 purposes, (2.1) age 19 to 24 on a medical leave of absence as  
12 described in Section 356z.11 of the Illinois Insurance Code  
13 (215 ILCS 5/356z.11), or (3) age 19 or over who is mentally or  
14 physically handicapped. For the purposes of item (2), an  
15 unmarried child age 19 to 24 who is a member of the United  
16 States Armed Services, including the Illinois National Guard,  
17 and is mobilized to active duty shall qualify as a dependent  
18 beyond the age of 24 and until the age of 25 and while a  
19 full-time student for the amount of time spent on active duty  
20 between the ages of 19 and 24. The individual attempting to  
21 qualify for this additional time must submit written  
22 documentation of active duty service to the Director. The  
23 changes made by this amendatory Act of the 94th General  
24 Assembly apply only to individuals mobilized to active duty in  
25 the United States Armed Services, including the Illinois  
26 National Guard, on or after January 1, 2002. For the health

1 plan only, the term "dependent" also includes any person  
2 enrolled prior to the effective date of this Section who is  
3 dependent upon the member to the extent that the member may  
4 claim such person as a dependent for income tax deduction  
5 purposes; no other such person may be enrolled. For the health  
6 plan only, the term "dependent" also includes any person who  
7 has received after June 30, 2000 an organ transplant and who is  
8 financially dependent upon the member and eligible to be  
9 claimed as a dependent for income tax purposes.

10 (i) "Director" means the Director of the Illinois  
11 Department of Central Management Services or of any successor  
12 agency designated to administer this Act.

13 (j) "Eligibility period" means the period of time a member  
14 has to elect enrollment in programs or to select benefits  
15 without regard to age, sex or health.

16 (k) "Employee" means and includes each officer or employee  
17 in the service of a department who (1) receives his  
18 compensation for service rendered to the department on a  
19 warrant issued pursuant to a payroll certified by a department  
20 or on a warrant or check issued and drawn by a department upon  
21 a trust, federal or other fund or on a warrant issued pursuant  
22 to a payroll certified by an elected or duly appointed officer  
23 of the State or who receives payment of the performance of  
24 personal services on a warrant issued pursuant to a payroll  
25 certified by a Department and drawn by the Comptroller upon the  
26 State Treasurer against appropriations made by the General

1 Assembly from any fund or against trust funds held by the State  
2 Treasurer, and (2) is employed full-time or part-time in a  
3 position normally requiring actual performance of duty during  
4 not less than 1/2 of a normal work period, as established by  
5 the Director in cooperation with each department, except that  
6 persons elected by popular vote will be considered employees  
7 during the entire term for which they are elected regardless of  
8 hours devoted to the service of the State, and (3) except that  
9 "employee" does not include any person who is not eligible by  
10 reason of such person's employment to participate in one of the  
11 State retirement systems under Articles 2, 14, 15 (either the  
12 regular Article 15 system or the optional retirement program  
13 established under Section 15-158.2) or 18, or under paragraph  
14 (2), (3), or (5) of Section 16-106, of the Illinois Pension  
15 Code, but such term does include persons who are employed  
16 during the 6 month qualifying period under Article 14 of the  
17 Illinois Pension Code. Such term also includes any person who  
18 (1) after January 1, 1966, is receiving ordinary or accidental  
19 disability benefits under Articles 2, 14, 15 (including  
20 ordinary or accidental disability benefits under the optional  
21 retirement program established under Section 15-158.2),  
22 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of  
23 the Illinois Pension Code, for disability incurred after  
24 January 1, 1966, (2) receives total permanent or total  
25 temporary disability under the Workers' Compensation Act or  
26 Occupational Disease Act as a result of injuries sustained or

1 illness contracted in the course of employment with the State  
2 of Illinois, or (3) is not otherwise covered under this Act and  
3 has retired as a participating member under Article 2 of the  
4 Illinois Pension Code but is ineligible for the retirement  
5 annuity under Section 2-119 of the Illinois Pension Code.  
6 However, a person who satisfies the criteria of the foregoing  
7 definition of "employee" except that such person is made  
8 ineligible to participate in the State Universities Retirement  
9 System by clause (4) of subsection (a) of Section 15-107 of the  
10 Illinois Pension Code is also an "employee" for the purposes of  
11 this Act. "Employee" also includes any person receiving or  
12 eligible for benefits under a sick pay plan established in  
13 accordance with Section 36 of the State Finance Act. "Employee"  
14 also includes (i) each officer or employee in the service of a  
15 qualified local government, including persons appointed as  
16 trustees of sanitary districts regardless of hours devoted to  
17 the service of the sanitary district, (ii) each employee in the  
18 service of a qualified rehabilitation facility, (iii) each  
19 full-time employee in the service of a qualified domestic  
20 violence shelter or service, and (iv) each full-time employee  
21 in the service of a qualified child advocacy center, as  
22 determined according to rules promulgated by the Director.

23 (1) "Member" means an employee, annuitant, retired  
24 employee or survivor. In the case of an annuitant or retired  
25 employee, the individual must meet the minimum vesting  
26 requirements of the applicable retirement system in order to be

1 eligible for group insurance benefits under that system. In the  
2 case of a survivor, the deceased employee, annuitant, or  
3 retired employee upon whom the annuity is based must have been  
4 eligible to participate in the group insurance system under the  
5 applicable retirement system in order for the survivor to be  
6 eligible for group insurance benefits under that system.

7 (m) "Optional coverages or benefits" means those coverages  
8 or benefits available to the member on his or her voluntary  
9 election, and at his or her own expense.

10 (n) "Program" means the group life insurance, health  
11 benefits and other employee benefits designed and contracted  
12 for by the Director under this Act.

13 (o) "Health plan" means a health benefits program offered  
14 by the State of Illinois for persons eligible for the plan.

15 (p) "Retired employee" means any person who would be an  
16 annuitant as that term is defined herein but for the fact that  
17 such person retired prior to January 1, 1966. Such term also  
18 includes any person formerly employed by the University of  
19 Illinois in the Cooperative Extension Service who would be an  
20 annuitant but for the fact that such person was made ineligible  
21 to participate in the State Universities Retirement System by  
22 clause (4) of subsection (a) of Section 15-107 of the Illinois  
23 Pension Code.

24 (q) "Survivor" means a person receiving an annuity as a  
25 survivor of an employee or of an annuitant. "Survivor" also  
26 includes: (1) the surviving dependent of a person who satisfies

1 the definition of "employee" except that such person is made  
2 ineligible to participate in the State Universities Retirement  
3 System by clause (4) of subsection (a) of Section 15-107 of the  
4 Illinois Pension Code; (2) the surviving dependent of any  
5 person formerly employed by the University of Illinois in the  
6 Cooperative Extension Service who would be an annuitant except  
7 for the fact that such person was made ineligible to  
8 participate in the State Universities Retirement System by  
9 clause (4) of subsection (a) of Section 15-107 of the Illinois  
10 Pension Code; and (3) the surviving dependent of a person who  
11 was an annuitant under this Act by virtue of receiving an  
12 alternative retirement cancellation payment under Section  
13 14-108.5 of the Illinois Pension Code.

14 (q-2) "SERS" means the State Employees' Retirement System  
15 of Illinois, created under Article 14 of the Illinois Pension  
16 Code.

17 (q-3) "SURS" means the State Universities Retirement  
18 System, created under Article 15 of the Illinois Pension Code.

19 (q-4) "TRS" means the Teachers' Retirement System of the  
20 State of Illinois, created under Article 16 of the Illinois  
21 Pension Code.

22 (q-5) "New SERS survivor" means a survivor, as defined in  
23 subsection (q), whose annuity is paid under Article 14 of the  
24 Illinois Pension Code and is based on the death of (i) an  
25 employee whose death occurs on or after January 1, 1998, or  
26 (ii) a new SERS annuitant as defined in subsection (b-5). "New

1 SERS survivor" includes the surviving dependent of a person who  
2 was an annuitant under this Act by virtue of receiving an  
3 alternative retirement cancellation payment under Section  
4 14-108.5 of the Illinois Pension Code.

5 (q-6) "New SURS survivor" means a survivor, as defined in  
6 subsection (q), whose annuity is paid under Article 15 of the  
7 Illinois Pension Code and is based on the death of (i) an  
8 employee whose death occurs on or after January 1, 1998, or  
9 (ii) a new SURS annuitant as defined in subsection (b-6).

10 (q-7) "New TRS State survivor" means a survivor, as defined  
11 in subsection (q), whose annuity is paid under Article 16 of  
12 the Illinois Pension Code and is based on the death of (i) an  
13 employee who is a teacher as defined in paragraph (2), (3), or  
14 (5) of Section 16-106 of that Code and whose death occurs on or  
15 after July 1, 1998, or (ii) a new TRS State annuitant as  
16 defined in subsection (b-7).

17 (r) "Medical services" means the services provided within  
18 the scope of their licenses by practitioners in all categories  
19 licensed under the Medical Practice Act of 1987.

20 (s) "Unit of local government" means any county,  
21 municipality, township, school district (including a  
22 combination of school districts under the Intergovernmental  
23 Cooperation Act), special district or other unit, designated as  
24 a unit of local government by law, which exercises limited  
25 governmental powers or powers in respect to limited  
26 governmental subjects, any not-for-profit association with a

1 membership that primarily includes townships and township  
2 officials, that has duties that include provision of research  
3 service, dissemination of information, and other acts for the  
4 purpose of improving township government, and that is funded  
5 wholly or partly in accordance with Section 85-15 of the  
6 Township Code; any not-for-profit corporation or association,  
7 with a membership consisting primarily of municipalities, that  
8 operates its own utility system, and provides research,  
9 training, dissemination of information, or other acts to  
10 promote cooperation between and among municipalities that  
11 provide utility services and for the advancement of the goals  
12 and purposes of its membership; the Southern Illinois  
13 Collegiate Common Market, which is a consortium of higher  
14 education institutions in Southern Illinois; the Illinois  
15 Association of Park Districts; and any hospital provider that  
16 is owned by a county that has 100 or fewer hospital beds and  
17 has not already joined the program. "Qualified local  
18 government" means a unit of local government approved by the  
19 Director and participating in a program created under  
20 subsection (i) of Section 10 of this Act.

21 (t) "Qualified rehabilitation facility" means any  
22 not-for-profit organization that is accredited by the  
23 Commission on Accreditation of Rehabilitation Facilities or  
24 certified by the Department of Human Services (as successor to  
25 the Department of Mental Health and Developmental  
26 Disabilities) to provide services to persons with disabilities

1 and which receives funds from the State of Illinois for  
2 providing those services, approved by the Director and  
3 participating in a program created under subsection (j) of  
4 Section 10 of this Act.

5 (u) "Qualified domestic violence shelter or service" means  
6 any Illinois domestic violence shelter or service and its  
7 administrative offices funded by the Department of Human  
8 Services (as successor to the Illinois Department of Public  
9 Aid), approved by the Director and participating in a program  
10 created under subsection (k) of Section 10.

11 (v) "TRS benefit recipient" means a person who:

12 (1) is not a "member" as defined in this Section; and

13 (2) is receiving a monthly benefit or retirement  
14 annuity under Article 16 of the Illinois Pension Code; and

15 (3) either (i) has at least 8 years of creditable  
16 service under Article 16 of the Illinois Pension Code, or  
17 (ii) was enrolled in the health insurance program offered  
18 under that Article on January 1, 1996, or (iii) is the  
19 survivor of a benefit recipient who had at least 8 years of  
20 creditable service under Article 16 of the Illinois Pension  
21 Code or was enrolled in the health insurance program  
22 offered under that Article on the effective date of this  
23 amendatory Act of 1995, or (iv) is a recipient or survivor  
24 of a recipient of a disability benefit under Article 16 of  
25 the Illinois Pension Code.

26 (w) "TRS dependent beneficiary" means a person who:

1 (1) is not a "member" or "dependent" as defined in this  
2 Section; and

3 (2) is a TRS benefit recipient's: (A) spouse, (B)  
4 dependent parent who is receiving at least half of his or  
5 her support from the TRS benefit recipient, or (C)  
6 unmarried natural or adopted child who is (i) under age 19,  
7 or (ii) enrolled as a full-time student in an accredited  
8 school, financially dependent upon the TRS benefit  
9 recipient, eligible to be claimed as a dependent for income  
10 tax purposes, and either is under age 24 or was, on January  
11 1, 1996, participating as a dependent beneficiary in the  
12 health insurance program offered under Article 16 of the  
13 Illinois Pension Code, or (iii) age 19 or over who is  
14 mentally or physically handicapped.

15 "TRS dependent beneficiary" does not include, as indicated  
16 under paragraph (2) of this subsection (w), a dependent of the  
17 survivor of a TRS benefit recipient unless that dependent would  
18 have been eligible for coverage as a dependent of the deceased  
19 TRS benefit recipient upon whom the survivor benefit is based.

20 (x) "Military leave with pay and benefits" refers to  
21 individuals in basic training for reserves, special/advanced  
22 training, annual training, emergency call up, or activation by  
23 the President of the United States with approved pay and  
24 benefits.

25 (y) "Military leave without pay and benefits" refers to  
26 individuals who enlist for active duty in a regular component

1 of the U.S. Armed Forces or other duty not specified or  
2 authorized under military leave with pay and benefits.

3 (z) "Community college benefit recipient" means a person  
4 who:

5 (1) is not a "member" as defined in this Section; and

6 (2) is receiving a monthly survivor's annuity or  
7 retirement annuity under Article 15 of the Illinois Pension  
8 Code; and

9 (3) either (i) was a full-time employee of a community  
10 college district or an association of community college  
11 boards created under the Public Community College Act  
12 (other than an employee whose last employer under Article  
13 15 of the Illinois Pension Code was a community college  
14 district subject to Article VII of the Public Community  
15 College Act) and was eligible to participate in a group  
16 health benefit plan as an employee during the time of  
17 employment with a community college district (other than a  
18 community college district subject to Article VII of the  
19 Public Community College Act) or an association of  
20 community college boards, or (ii) is the survivor of a  
21 person described in item (i).

22 (aa) "Community college dependent beneficiary" means a  
23 person who:

24 (1) is not a "member" or "dependent" as defined in this  
25 Section; and

26 (2) is a community college benefit recipient's: (A)

1 spouse, (B) dependent parent who is receiving at least half  
2 of his or her support from the community college benefit  
3 recipient, or (C) unmarried natural or adopted child who is  
4 (i) under age 19, or (ii) enrolled as a full-time student  
5 in an accredited school, financially dependent upon the  
6 community college benefit recipient, eligible to be  
7 claimed as a dependent for income tax purposes and under  
8 age 23, or (iii) age 19 or over and mentally or physically  
9 handicapped.

10 "Community college dependent beneficiary" does not  
11 include, as indicated under paragraph (2) of this subsection  
12 (aa), a dependent of the survivor of a community college  
13 benefit recipient unless that dependent would have been  
14 eligible for coverage as a dependent of the deceased community  
15 college benefit recipient upon whom the survivor annuity is  
16 based.

17 (bb) "Qualified child advocacy center" means any Illinois  
18 child advocacy center and its administrative offices funded by  
19 the Department of Children and Family Services, as defined by  
20 the Children's Advocacy Center Act (55 ILCS 80/), approved by  
21 the Director and participating in a program created under  
22 subsection (n) of Section 10.

23 (Source: P.A. 95-331, eff. 8-21-07; 95-632, eff. 9-25-07;  
24 96-756, eff. 1-1-10.)

25 (5 ILCS 375/8) (from Ch. 127, par. 528)

1           Sec. 8. Eligibility.

2           (a) Each employee ~~member~~ eligible under the provisions of  
3 this Act and any rules and regulations promulgated and adopted  
4 hereunder by the Director shall become immediately eligible and  
5 covered for all benefits available under the programs.  
6 Employees ~~Members~~ electing coverage for eligible dependents  
7 shall have the coverage effective immediately, provided that  
8 the election is properly filed in accordance with required  
9 filing dates and procedures specified by the Director,  
10 including the completion and submission of all documentation  
11 and forms required by the Director.

12           (1) Every member originally eligible to elect  
13 dependent coverage, but not electing it during the original  
14 eligibility period, may subsequently obtain dependent  
15 coverage only in the event of a qualifying change in  
16 status, special enrollment, special circumstance as  
17 defined by the Director, or during the annual Benefit  
18 Choice Period.

19           (2) Members described above being transferred from  
20 previous coverage towards which the State has been  
21 contributing shall be transferred regardless of  
22 preexisting conditions, waiting periods, or other  
23 requirements that might jeopardize claim payments to which  
24 they would otherwise have been entitled.

25           (3) Eligible and covered members that are eligible for  
26 coverage as dependents except for the fact of being members

1 shall be transferred to, and covered under, dependent  
2 status regardless of preexisting conditions, waiting  
3 periods, or other requirements that might jeopardize claim  
4 payments to which they would otherwise have been entitled  
5 upon cessation of member status and the election of  
6 dependent coverage by a member eligible to elect that  
7 coverage.

8 (b) New employees shall be immediately insured for the  
9 basic group life insurance and covered by the program of health  
10 benefits on the first day of active State service. Optional  
11 life insurance coverage one to 4 times the basic amount, if  
12 elected during the relevant eligibility period, will become  
13 effective on the date of employment. Optional life insurance  
14 coverage exceeding 4 times the basic amount and all life  
15 insurance amounts applied for after the eligibility period will  
16 be effective, subject to satisfactory evidence of insurability  
17 when applicable, or other necessary qualifications, pursuant  
18 to the requirements of the applicable benefit program, unless  
19 there is a change in status that would confer new eligibility  
20 for change of enrollment under rules established supplementing  
21 this Act, in which event application must be made within the  
22 new eligibility period.

23 (c) As to the group health benefits program contracted to  
24 begin or continue after June 30, 1973, each annuitant,  
25 survivor, and retired employee shall become immediately  
26 eligible ~~and covered~~ for all benefits available under that

1 program. Each annuitant, survivor, and retired employee shall  
2 have coverage effective immediately, provided that the  
3 election is properly filed in accordance with the required  
4 filing dates and procedures specified by the Director,  
5 including the completion and submission of all documentation  
6 and forms required by the Director. Annuitants, survivors, and  
7 retired ~~Retired~~ employees may elect coverage for eligible  
8 dependents and shall have the coverage effective immediately,  
9 provided that the election is properly filed in accordance with  
10 required filing dates and procedures specified by the Director,  
11 except that, for a survivor, the dependent to be added must  
12 have been eligible for coverage under the deceased member upon  
13 whom the survivor's annuity is based in order to be eligible  
14 for coverage under the survivor.

15 Except as otherwise provided in this Act, where husband and  
16 wife are both eligible members, each shall be enrolled as a  
17 member and coverage on their eligible dependent children, if  
18 any, may be under the enrollment and election of either.

19 Regardless of other provisions herein regarding late  
20 enrollment or other qualifications, as appropriate, the  
21 Director may periodically authorize open enrollment periods  
22 for each of the benefit programs at which time each member may  
23 elect enrollment or change of enrollment without regard to age,  
24 sex, health, or other qualification under the conditions as may  
25 be prescribed in rules and regulations supplementing this Act.  
26 Special open enrollment periods may be declared by the Director

1 for certain members only when special circumstances occur that  
2 affect only those members.

3 (d) Beginning with fiscal year 2003 and for all subsequent  
4 years, eligible members may elect not to participate in the  
5 program of health benefits as defined in this Act. The election  
6 must be made during the annual benefit choice period, subject  
7 to the conditions in this subsection.

8 (1) Members must furnish proof of health benefit  
9 coverage, either comprehensive major medical coverage or  
10 comprehensive managed care plan, from a source other than  
11 the Department of Central Management Services in order to  
12 elect not to participate in the program.

13 (2) Members may re-enroll in the Department of Central  
14 Management Services program of health benefits upon  
15 showing a qualifying change in status, as defined in the  
16 U.S. Internal Revenue Code, without evidence of  
17 insurability and with no limitations on coverage for  
18 pre-existing conditions, provided that there was not a  
19 break in coverage of more than 63 days.

20 (3) Members may also re-enroll in the program of health  
21 benefits during any annual benefit choice period, without  
22 evidence of insurability.

23 (4) Members who elect not to participate in the program  
24 of health benefits shall be furnished a written explanation  
25 of the requirements and limitations for the election not to  
26 participate in the program and for re-enrolling in the

1 program. The explanation shall also be included in the  
2 annual benefit choice options booklets furnished to  
3 members.

4 (d-5) Beginning July 1, 2005, the Director may establish a  
5 program of financial incentives to encourage annuitants  
6 receiving a retirement annuity from the State Employees  
7 Retirement System, but who are not eligible for benefits under  
8 the federal Medicare health insurance program (Title XVIII of  
9 the Social Security Act, as added by Public Law 89-97) to elect  
10 not to participate in the program of health benefits provided  
11 under this Act. The election by an annuitant not to participate  
12 under this program must be made in accordance with the  
13 requirements set forth under subsection (d). The financial  
14 incentives provided to these annuitants under the program may  
15 not exceed \$150 per month for each annuitant electing not to  
16 participate in the program of health benefits provided under  
17 this Act.

18 (e) Notwithstanding any other provision of this Act or the  
19 rules adopted under this Act, if a person participating in the  
20 program of health benefits as the dependent spouse of an  
21 eligible member becomes an annuitant, the person may elect, at  
22 the time of becoming an annuitant or during any subsequent  
23 annual benefit choice period, to continue participation as a  
24 dependent rather than as an eligible member for as long as the  
25 person continues to be an eligible dependent.

26 An eligible member who has elected to participate as a

1 dependent may re-enroll in the program of health benefits as an  
2 eligible member (i) during any subsequent annual benefit choice  
3 period or (ii) upon showing a qualifying change in status, as  
4 defined in the U.S. Internal Revenue Code, without evidence of  
5 insurability and with no limitations on coverage for  
6 pre-existing conditions.

7 A person who elects to participate in the program of health  
8 benefits as a dependent rather than as an eligible member shall  
9 be furnished a written explanation of the consequences of  
10 electing to participate as a dependent and the conditions and  
11 procedures for re-enrolling as an eligible member. The  
12 explanation shall also be included in the annual benefit choice  
13 options booklet furnished to members.

14 (Source: P.A. 94-95, eff. 7-1-05; 94-109, eff. 7-1-05; 95-331,  
15 eff. 8-21-07.)